

CONTRACT #4
RFS # 331.04-002

Department of Education

VENDOR:
Xap Corporation

RECEIVED

MAY 15 2006

FISCAL REVIEW



PHIL BREDESEN
GOVERNOR

STATE OF TENNESSEE
DEPARTMENT OF EDUCATION
6th FLOOR, ANDREW JOHNSON TOWER
710 JAMES ROBERTSON PARKWAY
NASHVILLE, TN 37243-0375

LANA C. SEIVERS, Ed.D.
COMMISSIONER

TO: Leni Chick, Fiscal Review Committee
FROM: Lana C. Seivers, Commissioner *LCS*
DATE: May 15, 2006
RE: Request to appear before Fiscal Review Committee regarding Non-Competitive Amendment to contract FA-05-16382-00

Please consider the enclosed information regarding a request for Non-Competitive Amendment to contract FA-05-16382-00 with Xap Incorporated.

The proposed amendment will allow for the additional deliverables of the following:

- Web-based test preparation module for ACT, SAT, and GRE tests for college bound students
- Career planning module for students who are planning their post secondary education experience

The cost for the addition of these two deliverables is \$433,363.00 over the remaining four (4) years of the contract for a total maximum liability of \$4,164,520.00.

Thank you for your consideration of this request.

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

| | | | |
|--|---|--|--|
| 1) RFS # | 331.04-002-05 | | |
| 2) State Agency Name : | Department of Education | | |
| EXISTING CONTRACT INFORMATION | | | |
| 3) Service Caption : | Electronic Transcripts | | |
| 4) Contractor : | Xap Corporation | | |
| 5) Contract # | FA-05-16382-00 | | |
| 6) Contract Start Date : | May 01, 2005 | | |
| 7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised : | April 30, 2010 | | |
| 8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised : | \$3,731,158.00 | | |
| PROPOSED AMENDMENT INFORMATION | | | |
| 9) <u>Proposed</u> Amendment # | 1 | | |
| 10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt) | July 1, 2006 | | |
| 11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised : | April 30, 2010 | | |
| 12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised : | \$4,164,520.00 | | |
| 13) Approval Criteria : (select one) | <input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service | | |
| 14) Description of the Proposed Amendment Effects & Any Additional Service : | | | |
| <p>The Tennessee Department of Education (TDOE), Tennessee Student Assistance Corporation (TSAC), and Tennessee Higher Education Commission (THEC) recently procured a solution from Xap Corporation to provide electronic transcript services for the students in Tennessee. The resulting system (see www.CollegeforTN.org) is designed especially for use in Tennessee and allows users (students in grades 8-12, parents, guidance counselors, GEAR Up professionals) to access college-planning services in the web-based portal through a single log-in and password.</p> <p>TDOE, TSAC and THEC are seeking the proposed amendment to contract with Xap Corporation to add its web-based test preparation</p> | | | |

(Test Prep) services for the ACT, SAT, and GRE test along with a career planning module to the current website with a total increase of \$433,362.00 to the maximum liability.

The test preparation and career planning module would be seamlessly integrated into the www.CollegeforTN.org website and would be available to all Tennessee students in grades 8-12, as well as adults seeking to re-enter college via the GRE. The site has no user access fees associated and there is unlimited, twenty-four (24) hour access.

Specific and unique features of the Xap *test preparation module* include:

Tutorials and Practice Sessions: The Xap test preparation module features user-friendly tutorials for each subject area/question type on the SAT, ACT and GRE. For the ACT these are: English, Reading, Science, Pre-Algebra, Algebra, and Geometry. SAT tutorials cover: Sentence Completions, Grammar, Essay Writing, Reading, Arithmetic, Algebra, Geometry, and Data Analysis. The GRE course contains tutorials in: Arithmetic, Algebra, Geometry, Data Analysis, Antonyms, Analogies, Sentence Completions, and Reading. Each tutorial provides between 30 and 90 minutes of instructional material. Tutorials are easy-to-use and are designed so that students may stop mid-way through and resume their work later.

The module also includes practice sessions that are designed to reinforce test-relevant skills by applying concepts presented in the tutorials to simulated test questions. Practice sessions dynamically adapt to each user's ability level, so that the most advanced students encounter the most difficult questions and less advanced students view less challenging questions. Each multiple choice question has unique feedback for each possible answer, designed to encourage students by offering hints and suggestions (for incorrect responses) and explanations (for correct answers). The students' performance during practice sessions generates a percentile ranking for each category. Percentile rankings are updated continuously, allowing students to assess their performance on a real-time basis. Students can access a database of over 500 questions for the ACT, and a database of over 800 questions each for the SAT and GRE.

Sample Tests: Timed sample tests for the SAT and ACT give students an indication of their performance level and pinpoint strengths and weaknesses. These sample tests also help students familiarize themselves with question format and layout. These sample tests are provided at no cost to users.

Vocabulary Builder: One of the most popular features of the module is a vocabulary builder, designed to broaden a student's verbal skills. The Vocabulary Builder contains more than 1,600 words. Like the practice sessions, it adapts to each student's ability level: those students with extensive verbal skills will see more difficult words, and vice-versa. Once a student has "mastered" a word it is stored on an electronic flashcard available for subsequent review.

Coaching System: Students are also able to elect a parent, teacher, or counselor as "coach" who will be able to monitor the student's performance and receive e-mail updates about the student's progress. Coaches can also log-in and view detailed reporting information on the student's activity on the site.

Daily Content: The module also includes a question of the day for each test, as well as a word of the day. This daily content can be integrated into classroom teaching strategies to encourage student users to visit the site frequently. Students can also elect to have this content e-mailed to them if desired.

Spanish Translation: The module even contains a Spanish translation of all its ACT and SAT tutorials, so that Spanish-speaking students can reinforce test-relevant skills in their native language.

Test-taking Tips: The sites provide students with an interactive game that teaches guessing strategies, as well as tips on time and stress management.

Specific and unique features of the Xap *career planning module* include:

Self Assessment: This section of the module will provide users with the opportunity to perform and interest self assessment. The results indicate the user's Holland personality types, which can be self-evaluated by the user or used in connection with the Career Matching Assistant, which is explained below.

Career Matching Assistant: This section of the module allows users to select from several parameters, including interest areas, highest education level anticipated, career clusters, work environment, general work activities, and abilities. The results indicate prospective careers, with links to career details, including career descriptions as well as related academic programs and colleges offering those academic programs within Tennessee. Users can store their results and review, or revise their searches at a later time. In addition, the Career Planner will provide a list of careers for users to search and links to valuable resources, including internships and volunteer information.

Additional Services: Through this module, users can search for careers that match their interests, education levels, and abilities on the U.S. Department of Labor's national careers database. This module will also link to sites on the Internet that offer information and background on careers, which include average salaries, and academic and training requirements.

15) Explanation of Need for the Proposed Amendment :

The addition of the test preparation and career planning modules to the current website is a natural progression in the scope of services to assist in meeting the project vision of providing students across the state with a broad avenue of access to Tennessee educational opportunities beyond high school. Due to our existing contract with Xap, choosing an alternative to host an online test preparation service could constrain our goals of achieving a "one-stop-shop" for all students to apply to college, send transcripts online and apply for financial aid. The main vision of this "one-stop-shop" is to measure gains in student access and participation in higher education opportunities across the state, without regard to socio-economic impacts or other factors. By using one source to provide these necessary services, all Tennesseans will benefit by the reduction of costs to the State, streamlining the process, and promoting one website for all students to use to access valuable information about post high school opportunities. The addition of the test preparation module will also allow the State to collect and analyze valuable data about student study habits, test preparation, and how these factors relate to actual test performance. By using Xap, these services would be delivered promptly, without conjecture of timelines or delays.

Cost increase for the addition of the test preparation and career planning modules is \$433,362.00 over the remaining four years of the current contract.

16) Name & Address of Contractor's Current Principal Owner(s) :

(not required if proposed contractor is a state education institution)

Xap Corporation
3534 Hayden Avenue
Culver City, CA 90232

17) Documentation of Office for Information Resources Endorsement :

(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :

(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :

(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

THEC has taken reasonable steps to evaluate online Test Preparation guides. There has been no real success in defining another system that properly integrates with the State's existing system, and offer the same depth provided by Xap. Alternatives would involve an external web link with Xap which could limit the productivity and access of the individual student. The original focus of the website was to allow students opportunity to gain greater access to higher education through convenient online access to submission of their transcripts and therefore provide students greater access to higher education, which is a main goal of this project and the Governor's intent.

THEC did not identify any providers that offered both a test prep and career planning module within one package.

The cost information of other online Test Preparation guides has been attached to this request for review. The cost comparison for 40,000 students per year is summarized below

| Act Online Prep | Kaplan Test Prep | Xap |
|--------------------------|------------------------|-------------------|
| 40,000/yr x \$20 x 4 yrs | 40,000 x \$299 x 4 yrs | 40,000/yr x 4 yrs |
| \$3,200,000.00 | \$47,840,000.00 | 433,362.00 |

21) Justification for the Proposed Non-Competitive Amendment :

Governor Bredesen's interest in college entry test scores was recently noted in his budget hearings and how the scores have shown an improvement since the lottery's inception. He also added the state must do more to improve scores. Test preparation is a vital component to ensuring access to educational opportunities beyond high school for all Tennessee students and citizens.

Approximately 92% of Tennessee graduates take the ACT exam annually and, while the state's average ACT score has increased in

recent years, Tennessee's scores are still below the national average. The inclusion of the test prep module has the potential to increase ACT scores and provide students, across the state, greater access to a college education.

The Xap test preparation (Test Prep) and Career Planning modules level the playing field by providing these services to all socio-economic demographics. The test preparation and career planning modules can be included as part of a school's curriculum or as a stand-alone tool used by other college-readiness programs.

Test Prep is:

Integrated Solution – As the provider of the www.CollegeforTN.org portal, Xap can ensure the State of seamless integration of test prep within the portal. Seamless integration allows user profile data to be used across all modules, reducing data entry burden on users and ensuring greater accuracy of data across the system for TDOE, TSAC and THEC.

Experience – Xap Corporation has demonstrated experience providing comprehensive ACT, SAT and GRE test prep services, with no individual user fees, via statewide college-planning portals. Xap has designed and integrated test preparation services into the statewide college-planning portals in: North Carolina, Georgia, California, Wisconsin, Texas, and Utah. Xap Corporation is also under contract to design, develop and host a statewide test preparation service for the state of Oklahoma.

Results – Nearly 300,000 student accounts were created on Xap's test preparation services in calendar year 2005. In Pennsylvania, 63 seventh and eighth grade students attempting to qualify for a national gifted and talented program used the Xap test preparation service as part of a preparation program before taking the SAT. The student's total SAT scores were related to the amount of time spent studying on the site; linear regression models showed that students scored an additional 15 points per hour spent on the site, even after controlling for the effects of grade level, gender and pre-test scores.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

Lana C. Leiver

Agency Head Signature

5/15/06

Date

Price Proposal

Pricing for the addition of the career planning module and Xap's online test prep module to the CollegeForTN.org site is:

- Year 1: \$115,000 (Effective Date – 4/30/07)
- Year 2: \$103,000 (5/1/07 – 4/30/08)
- Year 3: \$106,090 (5/1/08 – 4/30/09)
- Year 4: \$109,272 (5/1/09 – 4/30/10)
- Year 5: \$112,550 No longer applicable

Note: These prices will be in addition to the already in force yearly Deliverable 2 prices in the executed agreement and will subject to the same delivery schedule.

Xap's pricing shall remain in effect for a period of 60 days.

Contact Information

Any questions on Xap's proposal should be directed to:

Mr. Rob Miller
Regional Sales Manager, Central Region
(319) 627-3399 (o)
(563) 299-5901 ©
rob_miller@xap.com

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ACT Online Course | \$299

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With more than 65 years of experience in test prep, Kaplan understands the intense pressure and stress that students are under. That's why we've structured our ACT preparation to give you the right mix of proven, score-raising strategies and realistic practice. Whatever your needs, our expert teachers and staff are there to support you every step of the way.

Why choose Kaplan's ACT Online?

• Easy-to-use format

We've designed ACT Online to be both simple and enjoyable to use. Your child will access the course from a personalized student homepage. From there your child can start, pause, and rewind lessons at his or her convenience, take practice tests and quizzes, and view supplemental workshops designed to build critical reading, vocabulary and math test-taking skills—all with the click of a mouse.

• Realistic ACT practice experiences

Realistic testing is fundamental to the Kaplan program. Your child will take practice ACTs using the most realistic questions available. Your child will also receive a comprehensive performance analysis and full explanations for every practice ACT.

• Score-raising strategies

THIS PROGRAM IS BEST IF YOU:

- > Have limited time before your test date.
- > Prefer a flexible and convenient prep option.
- > Are self-motivated.

- [System Requirements >](#)
- [Compare Kaplan >](#)

Higher test scores guaranteed >

Need Help Selecting a Program?

- [Have an advisor call you >](#)
- [Email an advisor >](#)
- [Chat with an advisor >](#)

ACT Online Test Preparation:

While there are many test preparation online courses, the following snapshots demonstrate some that are comparable to the proposed Xap amendment. Even at ACT's price (\$20), it would be a higher cost ($\$20 \times 40,000 = \$800,000$) than Xap's proposal. The others are considerably higher.

The screenshot displays the ACT Online Prep website. At the top, the ACT logo is prominent, followed by a navigation bar with links: Home, Registration, Test Prep, Scores, College Planning, Financial Aid, Career Planning, Student Blog, and FAQs. A search bar is located on the right. Below the navigation bar, a vertical sidebar on the left lists menu items: Overview, Take the Test, Ordering Information (highlighted), System Requirements, and Contact ACT. The main content area features the heading "ACT Online Prep" and a sub-heading "Ordering Information". A note states: "Before ordering ACT Online Prep™, please review the system requirements." Below this is a photograph of a student studying. To the right of the photo, the "Personal Edition" is described: "Purchase the Personal Edition online. Have your credit card ready." The price is listed as "\$19.95 for one year" with a note that it includes one practice essay with real-time scoring and that an additional essay is available for \$2.00. An "Order Now!" button is positioned below the price. At the bottom of the page, a footer contains the copyright notice "© 2005 by ACT, Inc. All rights reserved" and links to "ACT Corporate Home", "Contact Us", and "Site Index".

C O N T R A C T S U M M A R Y S H E E T

8-8-05

| | |
|-------------------------|--|
| RFS # | Contract # |
| 331.04-002-05 | FA-05-16382-01 |
| State Agency | State Agency Division |
| Department of Education | Technology |
| Contractor Name | Contractor ID # (FEIN or SSN) |
| XAP CORPORATION | <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- V954610552-00 |

| | | | |
|----------------------------|--------------------------|--------------------------------|---------------|
| Service Description | | | |
| Electronic Transcripts | | | |
| Contract Begin Date | Contract End Date | SUBRECIPIENT or VENDOR? | CFDA # |
| May 01, 2005 | April 30, 2010 | Vendor | na |

| | | | | | |
|---|--------------------|--------------------|--------------------------|---------------------------|------------------------------|
| Mark, if Statement is TRUE <input type="checkbox"/> Contractor is on STARS as required <input type="checkbox"/> Contractor's Form W-9 is on file in Accounts as required | | | | | |
| Allotment Code | Cost Center | Object Code | Fund | Funding Grant Code | Funding Subgrant Code |
| 331.04 | 23601 | 083 | 25 | n/a | n/a |
| FY | State | Federal | Interdepartmental | Other | TOTAL Contract Amount |
| 2005 | \$0.00 | \$0.00 | \$5,000.00 | \$0.00 | \$5,000.00 |
| 2006 | \$0.00 | \$0.00 | \$1,382,333.00 | \$0.00 | \$1,382,333.00 |
| 2007 | \$0.00 | \$0.00 | \$800,034.00 | \$0.00 | \$800,034.00 |
| 2008 | \$0.00 | \$0.00 | \$793,457.00 | \$0.00 | \$793,457.00 |
| 2009 | \$0.00 | \$0.00 | \$807,546.00 | \$0.00 | \$807,546.00 |
| 2010 | \$0.00 | \$0.00 | \$376,150.00 | \$0.00 | \$376,150.00 |
| TOTAL: | \$0.00 | \$0.00 | \$4,164,520.00 | \$0.00 | \$4,164,520.00 |

| | | | |
|---|---|----------------------------|--|
| — COMPLETE FOR AMENDMENTS ONLY — | | | State Agency Fiscal Contact & Telephone # |
| FY | Base Contract & Prior Amendments | THIS Amendment ONLY | John Sharp - 615-532-1658 |
| 2005 | \$5,000.00 | \$0.00 | State Agency Budget Officer Approval |
| 2006 | \$1,382,333.00 | \$0.00 | |
| 2007 | \$685,034.00 | \$115,000.00 | |
| 2008 | \$690,457.00 | \$103,000.00 | |
| 2009 | \$701,456.00 | \$106,090.00 | |
| 2010 | \$266,878.00 | \$109,272.00 | Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred) |
| TOTAL: | \$3,731,158.00 | \$433,362.00 | |
| End Date: | 4/30/2010 | 4/30/2010 | |

| | | | | | |
|--|--|---|--|---|--|
| Contractor Ownership | | | | | |
| <input type="checkbox"/> African American | <input type="checkbox"/> Person w/ Disability | <input type="checkbox"/> Hispanic | <input type="checkbox"/> Small Business | <input type="checkbox"/> NOT minority/disadvantaged | |
| <input type="checkbox"/> Asian | <input type="checkbox"/> Female | <input type="checkbox"/> Native American | <input type="checkbox"/> OTHER minority/disadvantaged— | | |
| Contractor Selection Method | | | | | |
| <input checked="" type="checkbox"/> RFP | <input type="checkbox"/> Competitive Negotiation | <input type="checkbox"/> Alternative Competitive Method | | | |
| <input type="checkbox"/> Non-Competitive Negotiation | <input type="checkbox"/> Government | <input type="checkbox"/> Other | | | |

| |
|--|
| Procurement Process Summary |
| Enter Procurement Summary Information Here |

**AMENDMENT # 01
TO CONTRACT FA-05-16382-00**

This Contract, by and between the State of Tennessee, DEPARTMENT OF EDUCATION, hereinafter referred to as the State, and XAP CORPORATION, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Add the following to Section A.II.

C. 3rd Deliverable – by August 1, 2006

- a. Provide functionality for career planning, translating the student's interests to career tracks, describing careers and providing associated in-state starting salaries, specifying the level of education required for careers of interest, listing related academic programs, and listing institutions offering those academic programs.
- b. Provide unlimited access to comprehensive interactive test preparation courses for the SAT, ACT, and GRE standardized tests.

2. Add the following to Section A.III. :

C. 3rd Deliverable – by August 1, 2006

The Contractor will provide a Career Information module that provides the following functionality:

1. A Career Self Assessment module that will provide Links to one or more assessment surveys designed to help the students identify their interests, skills, values, and personality.
2. A Career Matching Assistant will suggest to students which careers best match their respective interests, skills, values, and preferences. Students will have the ability to select specific preferences within a set of parameters maintained by the Contractor. Based on the expressed preferences of a student, the Career Matching Assistant will provide a list of careers from a database that best meet the expressed preferences. A Link will be established from the name of the career appearing on the list to a page providing information about the career.
3. A List of Careers module will provide a comprehensive listing of careers organized by cluster as determined by the U.S. Department of Labor. The information presented for each career shall include a description of the career and tasks involved; general work activities; the national average salary for the career, the experience, education and training required; a list relating careers and college majors; and a list of post-secondary institutions that offer those majors.
4. Students will be provided with Links to state-specific job, volunteer and internship sites.
5. A My Mentor Careers section that will allow students the ability to save career profiles, majors of interest, skills, strengths and abilities, career-exploration activities and an action plan.

The Contractor will provide a Test Preparation module (TPM) that provides the following functionality:

1. A series of user-friendly tutorials for the SAT, ACT, and GRE standardized tests, covering the subject areas and question types currently presented on those tests. Each tutorial will contain at least 12 screens of information (typically representing between 30 and 90 minutes of study time) which can be interrupted at any point and resumed at a later time. For the SAT, the tutorials will cover Sentence

Completions, Reading, Arithmetic, Algebra, Geometry, and Data Analysis. For the ACT, the tutorials will cover English, Reading, Science, Pre-Algebra, Algebra, and Geometry. For the GRE, the tutorials will cover Arithmetic, Algebra, Geometry, Data Analysis, Antonyms, Analogies, Sentence Correction, and Reading.

2. Practice sessions that are designed to enable students to reinforce test relevant skills by applying concepts presented in the tutorials to simulated test questions. The TPM will offer at least once practice session (having no less than twenty (20) questions) for each subject area covered in the tutorials. Practice sessions will dynamically adapt to each student's ability level. The most advanced students will be presented with the most difficult questions and the less advanced students will see less challenging questions. For each multiple choice answer, students will be provided with a unique feedback for each possible answer. TPM will offer hints and suggestions for incorrect responses and explanations for correct answers. Percentile rankings in each category will be continuously updated to allow students to assess their performance on a real-time basis
3. A timed sample diagnostic test that will help students identify strengths and weaknesses in taking standardized tests and assist students in constructing a directed study program.
4. A vocabulary builder designed to assist students in broadening their vocabulary. The students will be presented a word with five possible definitions, from which the students will make their selection. If a student's response is correct, the word will be stored in an electronic flashcard for subsequent review, and another word will be provided to the student. If the student's response is incorrect, the selected word will be crossed out, and TPM will present the word that matches the student's selection. The student will have another opportunity to select the correct definition of the presented word. Vocabulary builder also dynamically adapts to each students ability level.
5. Strategies for time and stress management when taking the standardized tests and an interactive game to teach guessing strategies
6. A question of the day related to each of the three standardized tests. TPM question of the day will draw from a pool of over twelve hundred (1200) questions.
7. A word of the day to supplement the vocabulary builder. TPM word of the day will draw from a pool of over fifteen hundred (1500) words. The student will have the option to be notified by e-mail of the word of the day.

3. Delete Section C. in its entirety and replace with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Four Million One Hundred Sixty Four Thousand Five Hundred Twenty Dollars and No Cents (\$4,164,520.00). The Service Rates in Section C.3. shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contract or during any period of this Contract.

4. Delete Section C.3. in its entirety and replace with the following:

C.3. Payment Methodology. The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the

Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Service Rates:

(The additional support services rates below shall constitute rate caps applicable only to any possible amendment and shall not apply to any deliverables specifically required in year one of the contract. Any such amendment shall specify applicable rates, not to exceed those detailed below.)

| SERVICE UNIT/MILESTONE | AMOUNT |
|--|--------------------------|
| Year 1 | |
| Deliverable 1 – July 15, 2005 – Up to 70,000 transcripts to TSAC | \$500,000.00/deliverable |
| Deliverable 2 – Sept. 1, 2005 – Financial aid options & support | \$450,000.00/deliverable |
| Year 2 | |
| Deliverable 1 – December 2005 – Up to 80,000 transcripts to TSAC | \$150,000.00/deliverable |
| - June 2006 – up to 80,000 transcripts to TSAC | \$150,000.00/deliverable |
| Deliverable 2 – Annual fee for up to 350,000 students | \$290,000.00/deliverable |
| Deliverable 3 – August 1, 2006 – Career Center and Test Prep Modules | \$115,000.00/deliverable |
| Year 3 | |
| Deliverable 1 – December 2006 – Up to 90,000 transcripts to TSAC | \$154,500.00/deliverable |
| - June 2007 – Up to 90,000 transcripts to TSAC | \$154,500.00/deliverable |
| Deliverable 2 – Annual fee for up to 400,000 students | \$272,200.00/deliverable |
| Deliverable 3 – Annual fee for up to 400,000 students | \$103,000.00/deliverable |
| Year 4 | |
| Deliverable 1 – December 2007 – Up to 100,000 transcripts to TSAC | \$159,135.00/deliverable |
| - June 2008 – Up to 100,000 transcripts to TSAC | \$159,135.00/deliverable |
| Deliverable 2 – Annual fee for up to 450,000 students | \$279,616.00/deliverable |
| Deliverable 3 – Annual fee for up to 450,000 students | \$106,090.00/deliverable |
| Year 5 | |
| Deliverable 1 – December 2008 – Up to 100,000 transcripts to TSAC | \$163,909.00/deliverable |
| - June 2009 – Up to 100,000 transcripts to TSAC | \$163,909.00/deliverable |
| Deliverable 2 – Annual fee for up to 500,000 students | \$287,254.00/deliverable |
| Deliverable 3 – Annual fee for up to 500,000 students | \$109,272.00/deliverable |
| Train the Trainer Classes: | |
| Year 1 | \$2,500.00/class |
| Year 2 | \$2,500.00/class |
| Year 3 | \$2750.00/class |
| Year 4 | \$2750.00/class |
| Year 5 | \$2750.00/class |
| Year 2 Additional Support Services: | |
| Web Developer | \$85.00/hour |
| Programmer | \$135.00/hour |
| Project Manager | \$200.00/hour |
| Year 3 Additional Support Services: | |

| | |
|-------------------------------------|---------------|
| Web Developer | \$85.00/hour |
| Programmer | \$135.00/hour |
| Project Manager | \$200.00/hour |
| Year 4 Additional Support Services: | |
| Web Developer | \$90.00/hour |
| Programmer | \$145.00/hour |
| Project Manager | \$210.00/hour |
| Year 5 Additional Support Services: | |
| Web Developer | \$90.00/hour |
| Programmer | \$145.00/hour |
| Project Manager | \$210.00/hour |

The Contractor shall submit monthly invoices, in form and substance acceptable to the State will all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service or project milestones for the amount stipulated.

The other terms and conditions of this CONTRACT not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

XAP CORPORATION:

Alan Jacobson, Chief Financial Officer

Date

DEPARTMENT OF EDUCATION:

Lana C. Seivers, Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr., Commissioner

Date

COMPTROLLER OF THE TREASURY:

John G. Morgan, Comptroller of the Treasury

Date

C O N T R A C T S U M M A R Y S H E E T

| | | | |
|---------------|-------------------------|------------------|----------------|
| RFS Number: | 331.04-002-05 | Contract Number: | FA-05-16382-00 |
| State Agency: | Department of Education | Division: | Technology |

| | |
|-------------------------------|---|
| Contractor XAP CORPORATION | Contractor Identification Number V954610552-00 |
|-------------------------------|---|

| | |
|---------------------|--|
| Service Description | |
|---------------------|--|

| |
|------------------------|
| Electronic Transcripts |
|------------------------|

| | |
|-------------------------------------|-------------------------------------|
| Contract Begin Date May 01, 2005 | Contract End Date April 30, 2010 |
|-------------------------------------|-------------------------------------|

| | | | | | | |
|--------------------------|----------------------|--------------------|------------|--|-------------------|----------------------|
| Allotment Code 331.04 | Cost Center 23601 | Object Code 083 | Fund 25 | Grant <input type="checkbox"/> on STARS | Grant Code n/a | Subgrant Code n/a |
|--------------------------|----------------------|--------------------|------------|--|-------------------|----------------------|

| FY | State Funds | Federal Funds | Interdepartmental Funds | Other Funding | Total Contract Amount (including ALL amendments) |
|---------------|-----------------------|---------------|-------------------------|---------------|---|
| 2005 | \$5,000.00 | \$0.00 | \$0.00 | \$0.00 | \$5,000.00 |
| 2006 | \$1,382,333.00 | \$0.00 | \$0.00 | \$0.00 | \$1,382,333.00 |
| 2007 | \$685,034.00 | \$0.00 | \$0.00 | \$0.00 | \$685,034.00 |
| 2008 | \$690,457.00 | \$0.00 | \$0.00 | \$0.00 | \$690,457.00 |
| 2009 | \$701,456.00 | \$0.00 | \$0.00 | \$0.00 | \$701,456.00 |
| 2010 | \$266,878.00 | \$0.00 | \$0.00 | \$0.00 | \$266,878.00 |
| Total: | \$3,731,158.00 | \$0.00 | \$0.00 | \$0.00 | \$3,731,158.00 |

| | |
|--------------|--|
| CFDA # na | Check the box ONLY if the answer is YES: |
|--------------|--|

| | |
|---|--|
| State Fiscal Contact Name: John Sharp Address: 710 James Robertson Pkwy 6th Floor, Andrew Johnson Tower Nashville, TN 37243 Phone: 615-532-1658 | Is the Contractor a SUBRECIPIENT? (per OMB A-133) <input type="checkbox"/> Is the Contractor a VENDOR? (per OMB A-133) <input checked="" type="checkbox"/> Is the Fiscal Year Funding STRICTLY LIMITED? <input checked="" type="checkbox"/> Is the Contractor on STARS? <input type="checkbox"/> Is the Contractor's FORM W-9 ATTACHED? <input checked="" type="checkbox"/> Is the Contractors Form W-9 Filed with Accounts? <input type="checkbox"/> |
|---|--|

| | |
|------------------------------------|-----------------------|
| COMPLETE FOR ALL AMENDMENTS (only) | Funding Certification |
|------------------------------------|-----------------------|

| | | | |
|------------|--|---------------------|---|
| | Base Contract & Prior Amendments | This Amendment ONLY | Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. |
| END DATE → | <div style="border: 1px solid black; padding: 5px; display: inline-block;"> PROCESSED JUN 23 2005 </div> | | <div style="transform: rotate(-45deg);"> RECEIVED JUN 17 PM 2:40 OFFICE OF CONTRACTS REVIEW </div> |
| FY: | | | |
| FY: | | | |
| FY: | | | |
| FY: | | | |
| FY: | | | |
| Total: | \$0.00 | \$0.00 | |

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 JUN 06 2005
 Office of Contracts Review